

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Voluntary - Public

Date: 06/11/2010

GAIN Report Number: AS1021

Australia

Post:

Canberra

Ag DownUnder Issue 3 - 2010

Report Categories:

Agriculture in the Economy

Agriculture in the News

Grain and Feed

Livestock and Products

Oilseeds and Products

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Report Highlights:

Aussie dollar falls; **AWB accused officials avoid criminal charges;** **Farm Sector Lags in March Quarter;** **Canola Production Forecast to Jump in 2010/11;** **Beef Numbers;** **Huge fine for labeling foreign bacon "Product of Australia".**

Aussie dollar falls

The Australian dollar has fallen to its lowest level since July 2009, reaching US\$0.80. Analysts are tipping the dollar to stay around these levels in the short term, albeit with plenty of ups and downs and then likely strengthening over the next 12 months to track more closely to the US\$0.90 mark.

According to industry sources a 10-11 percent depreciation of the Australian dollar against the US would add about A\$2 billion to Australian farm incomes over a 12 month period, providing some short term opportunities for farmers to lock in currency at more favorable levels and putting Australian commodities on the radar that haven't been some for some time. The past 12 months has seen domestic commodity prices depressed due to the high value of the Australian dollar. *Source: [Farm Online](#)*

AWB accused officials avoid criminal charges

Five former Australian Wheat Board (AWB) officers, implicated in one of Australia's most notorious business scandals (The AWB kickbacks affair) were informed this week that the Australian Securities and Investments Commission (ASIC) had abandoned further criminal investigations after the Commonwealth Director of Public Prosecutions (DPP) determined there was no chance of success. ASIC was the last Australian authority still examining possible criminal charges. This development has now cleared the way for ASIC to revive civil cases that it initiated in late 2007 against the five. *Source: [Farm Online](#)*

Farm Sector Lags in March Quarter

The value of production from agriculture, forestry and fishing fell 5.5 per cent in the past quarter, dragging down gross domestic product by 0.1 of a percentage point, as grain prices eased after the harvest. Agricultural production was worth A\$6.6 billion from January to March, down from A\$7 billion in the previous quarter. Forestry and fishing production dropped slightly, from A\$1.24 billion to A\$1.23 billion.

Although it is not unusual for the value of the farm sector's production to decline in the March quarter, this year it dropped by a bigger percentage than in the same quarter last year. However, the latest figures come after six months when growth in farm production was much stronger than elsewhere. Farmers hope that recent rain has moistened soil and set producers up for good yields from winter grains crops.

Source: [Farm Online](#)

Canola Production Forecast to Jump in 2010-11

Industry sources report that Australia is likely to have a significantly larger canola crop in marketing year 2010/11 compared to 2009/10 with good potential to have the largest harvest in at least ten years. Timely precipitation, crop rotation needs, and relative crop price relationships account for the larger planted area. (See *attaché Report [Canola Production Forecast to Jump in 2010-11](#)*)

Beef Numbers

Improved seasonal conditions have seen Australian beef slaughter and exports for the period Jan-May fall four and five percent respectively. Improved seasonal conditions and lower prices appear to be encouraging producers to withhold stock from slaughter for breeding purposes as Australia's cattle herd begins to increase. Post expects production and exports to recover somewhat in the second half of 2010 as improved carcass weights and a lower dollar boost production and export opportunities despite lower slaughter. Post expects full year beef production and exports for 2010 to remain slightly lower than levels achieved during 2009, in line with Post February forecast. *(Pos info)*

Huge fine for labeling foreign bacon "Product of Australia"

A magistrate in a Sydney Court recently handed down a record fine of A\$237,000 to a company said to be Australia's largest producer of small goods, plus A\$200,000 in costs for mislabeling Danish and Canadian bacon as "Product of Australia" in 2008. Up to 100 tons of bacon or 200,000 packets of sandwich pork were mislabeled, according to local media reports. Foreign pork products had been placed into packaging also labeled "100% Australian made" and "Meat Content 100% Australian". *(Source: [Bacon labeling](#))*

Exchange Rate: Noon rate June 11, 2010 US\$1 = A\$1.17

Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at: <http://www.fas.usda.gov/scripts/AttacheRep/default.asp>.

Title of Report	Date
Canola Production Forecast to Jump in 2010-11	06/03/10
Ag DownUnder – Issue 2 2010	05/28/10
Soybean Meal Imports Down – U.S. Share Up	05/21/10
Australia 2010 Vintage Wine Harvest Update	05/20/10
Australian Pulse Crop to Increase in 2010/11	05/17/10
Ag DownUnder – Issue 1 2010	05/14/10
Dairy and Products Semi Annual	05/14/10
Beef Grading Agreement Opens Way for Increased Beef Exports to Chile	05/05/10
Sugar Annual 2010	04/15/10
Cotton and Products Annual	03/29/10
Grain and Feed Annual	03/16/10
Wine Annual 2010	03/01/10
Livestock and Products Semi-annual 2010	03/01/10
Government announces Ag Research Initiative to Increase Productivity & Cut Carbon Emissions by 50 percent	02/18/10
Australian Container exports rise	02/02/10